

East of the River Chambers of Commerce Association

# ERCCA

"Working Together Works Wonders"

East Hartford Chamber of Commerce  
Glastonbury Chamber of Commerce  
Greater Manchester Chamber of Commerce  
North Central CT Chamber of Commerce  
South Windsor Chamber of Commerce  
Tolland County Chamber of Commerce

TESTIMONY  
DENISE CARTER  
PRESIDENT  
EAST OF THE RIVER CHAMBERS OF COMMERCE ASSOCIATION  
BEFORE THE  
COMMERCE COMMITTEE  
MARCH 6, 2008

The East of the River Chambers of Commerce Association (ERCCA), which represents 3500 businesses from Glastonbury, East Hartford, Manchester, North Central Connecticut, South Windsor and Tolland County, **strongly supports SB-400, An Act Eliminating the Business Entity Tax.**

The tax on Limited Liability Companies, Limited Liability Partnerships and other business entities was enacted in 2002 to help alleviate the state's budget deficit. These types of entities are most often small businesses which employ fewer than 50 people.

Small businesses contribute an estimated 80% of new jobs to the state's economy. They are truly Connecticut's engines of economic growth. Unfortunately, this tax sends a negative message to Connecticut's small businesses. The tax is also a deterrent to new start-ups and entrepreneurs considering where to locate their business. Eliminating the business entity tax is a good first step toward developing a better climate for small business in Connecticut.

Although there is discussion about limiting the repeal of the tax to companies that have been in existence for less than three years or companies that have not yet made a profit, this is a difficult balancing act. While, as a general rule, successful small businesses begin to earn profits after three years in business, business success, particularly for certain industries, is cyclical. Right now, many companies are entering difficult financial times. During these times, small businesses often lose money to keep their doors open and pay their employees. Not only do small business owners not draw a salary themselves during these difficult financial times, they often put their personal savings into the company to keep it afloat. These companies can be two years old or fifty-two years old.

Today, small business owners are faced with runaway health insurance costs, skyrocketing energy and fuel costs as well as increased costs for products and services due to inflation. Although businesses are exploring ways of holding down these costs through Health Savings Accounts and energy efficiency programs, it is a constant struggle. These businesses need the shot in the arm that repealing the business entity tax can provide. **It's a small step – but it sends an important message – "Connecticut Supports Small Business".**

Please let us bring this important message back to our members. Please pass SB-400 and repeal the business entity tax.